

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 NEA-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

EUR-12 EA-06 /114 W

----- 123252

R 271145Z JUN 75 ZDK

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 2962

INFO AMEMBASSY PRETORIA

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EO 11652: N/A

TAGS: ETRD, CE

SUBJ: COMMONWEALTH PREFERENCES GRANTED BY SRI LANKA

REF: (A) STATE 111968 (B) PRETORIA 2218

1. SUMMARY: SRI LANKA MAINTAINS SYSTEM OF PREFERENCES FOR COMMONWEALTH COUNTRIES, INCLUDING THE DEVELOPED MEMBERS, BUT POLICY DECISION HAS APPARENTLY BEEN TAKEN TO ABOLISH THEM. THIS WILL REPORTEDLY BE ANNOUNCED PUBLICLY DURING GATT NEGOTIATIONS. GIVEN SRI LANKA'S IMPORT RESTRICTIONS ON ALL BUT MOST ESSENTIAL PRODUCTS, THE PREFERENCES DO NOT HAVE SIGNIFICANT EFFECT ON U.S. TRADE. END SUMMARY.

2. SRI LANKA TRADITIONALLY HAS GRANTED PREFERENCES ON CERTAIN IMPORTS FROM COUNTRIES WITHIN COMMONWEALTH (INCLUDING EX-MEMBERS IRELAND AND SOUTH AFRICA AS WELL AS UK, CANADA, AUSTRALIA, AND NEW ZEALAND) IN RETURN FOR SIMILAR PREFERENCES

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FOR ITS EXPORTS. NOW, AS RESULT OF VARIETY OF

DEVELOPMENTS, PARTICULARLY UK ENTRANCE INTO THE EEC, WHITTILING DOWN OF PREFERENCES GRANTED TO SRI LANKA, AND INTRODUCTION OF GENERALIZED PREFERENCE SCHEMES FOR DEVELOPING COUNTRIES, GSL HAS DECIDED THERE IS NO LONGER RATIONALE FOR CONTINUING ITS OWN PREFERENCE SCHEME. GSL DEPARTMENT OF COMMERCE OFFICIAL TELLS US THAT DECISION HAS BEEN MADE TO ABOLISH SYSTEM, AND WILL PRESUMABLY BE ANNOUNCED AS "CONCESSION" BY SRI LANKA AT SOME STAGE DURING GATT NEGOTIATIONS.

3. PREFERENCES COVER SOME ITEMS IN ALMOST ALL OF 99 CATEGORIES IN THE TARIFF SCHEDULE BUT ARE CONCENTRATED MORE IN MANUFACTURED GOODS THAN PRIMARLY PRODUCTS; OVERALL AROUND 20 PERCENT OF PRODUCTS LISTED IN SCHEDULE ARE CURRENTLY SUBJECT TO PREFERENTIAL RATE OF DUTY. USUALLY THE PREFERENTIAL RATE IS 10 PERCENT (OCCASIONALLY 5 PERCENT) LESS THAN GENERAL FIGURE.

4. WITHIN FIVE CATEGORIES WHICH LAST YEAR ACCOUNTED FOR 2/3 OF SRI LANKA'S IMPORTS (CEREALS, MILLED CEREALS, MINERAL FUELS, FERTILIZER, AND SUGAR), PRODUCTS SUBJECT TO PREFERENTIAL GJTES WERE NEGLIGIBLE PERCENTAGE (LESS THAN 1/10 OF ONE PERCENT BY VALUE). HOWEVER, 1969 GSL STUDY ON IMPORT OF PREFERENCES SHOWED THAT 12 PERCENT OF IMPORTS FROM AUSTRALIA BENEFITTED FROM PREFERENCES AS DID 6 PERCENT OF THOSE FROM CANADA (BREAKDOWNS FROM OTHER DEVELOPED COUNTRIES AND LATER FIGURES NOT AVAILABLE).

5. WHILE NUMBER OF ITEMS TECHNICALLY SUBJECT TO PREFERENTIAL SUBSTANTH
IPF ###
PDWVEWCWPUPACT###IS
CONSIDERABLY LESS, BECAUSE OF SEVERE LIMITATIONS ON IMPORTS DUE TO GSL'S CHRONIC LACK OF FOREIGN EXCHANGE. CONSIDERING TOTAL AMOUNT OF SRI LANKA TRADE, PREFERENCES AS THEY NOW EXIST WOULD NOT LIMITED OFFICIAL USE

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SEEM TO HAVE SIGNIFICANT EFFECT ON U.S. TRADE. WE WILL CONTINUE TO INQUIRE ABOUT TIMING OF PLANNED FINAL WITHDRAWAL OF PREFERENCES.

6. DETAILED STATISTICS AS REQUESTED FOLLOW BY AIRGRAM.

7. FOR PRETORIA: WE HAVE NOT RECEIVED SEPTTEL

MENTIONED IN PARAGRAPH 5, REFTTEL B. PLEASE TRANSMIT
TO COLOMBO.
VAN HOLLEN

NOTE BY OCT: ### AS RECEIVED; CORRECTION UPON REQUEST.

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Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: woolflhd
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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